

Message Text

CONFIDENTIAL

PAGE 01 STATE 081291
ORIGIN ARA-10

INFO OCT-01 ISO-00 DHA-02 SSO-00 SS-15 EB-08 NSC-05
NSCE-00 CIAE-00 INR-07 NSAE-00 INRE-00 H-01 L-03
SP-02 /054 R

DRAFTED BY ARA/AND/CH:RSDRISCOLL:MG
APPROVED BY ARA:TODMAN
ARA/AND:FJDEVINE
ARA/AND/P:ASCFULLER (DRAFT)
D/HA:RVFIMBRES (INFO)
-----120119Z 030039 /66

O 120105Z APR 77
FM SECSTATE WASHDC
TO AMEMBASSY SANTIAGO IMMEDIATE
INFO AMEMBASSY LIMA IMMEDIATE
AMEMBASSY BUENOS AIRES

C O N F I D E N T I A L STATE 081291

E.O. 11652: GDS

TAGS: CI, SHUM

SUBJECT: AMBASSADOR CAUAS CALLS ON ASSISTANT SECRETARY
TODMAN

1. CAUAS PAID AN INTRODUCTORY CALL ON ASSISTANT SECRETARY
TODMAN APRIL 7. AFTER MR. TODMAN WELCOMED HIM BACK TO
WASHINGTON AND COMPLIMENTED HIM ON HIS ECONOMIC "MIRACLES,"
CAUAS GAVE HIM A THUMBNAIL SKETCH OF HIS ECONOMIC PROGRAM
AND ITS REASONING. HE SAID THAT WITH COPPER PRICES ABOVE
THE BUDGET PROJECTIONS OF 60 CENTS PROSPECTS WERE EVEN
BRIGHTER. HE HOPED ANY BOP SURPLUS WOULD BE USED TO
ACCUMULATE RESERVES AND FOR INVESTMENT CREDITS. CHILE MUST
NOT RETURN TO FINANCING CONSUMPTION.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 081291

2. CAUAS THEN TURNED TO THE HARKIN AMENDMENT. HE SAID
THAT HE AGREED WITH ASSISTANT SECRETARY TODMAN--HUMAN RIGHTS
WAS A MOST IMPORTANT ISSUE. BUT ONE MUST KEEP ONE'S
PERSPECTIVE. CHILE HAS HAD TO ADJUST TO A "TOUGH"
SITUATION. THREE YEARS AGO EVERYBODY TALKED OF CIVIL WAR.
THE QUESTION NOW IS HOW TO CREATE INSTITUTIONS THAT WILL
PREVENT ANOTHER PERIOD LIKE 1970-1973. HE ADMITED THAT

THERE HAD BEEN PROBLEMS IN CHILE, AND HE UNDERSTOOD HOW THIS WOULD CREATE CONCERN HERE. BUT NOW THIS CONCERN

EXTENDS INTO THE INTERNATIONAL FINANCIAL INSTITUTIONS (IFI'S). THE GOC FEELS THAT IT CAN GET ALONG WITHOUT IFI FINANCING. THE COST WILL BE A LOWER GROWTH RATE. FURTHER, HE EXPRESSED DOUBTS THAT CONGRESS' DESIRE TO HAVE IFI'S CONCENTRATE ON THE "NEEDIEST" WOULD WORK. TRADITIONALLY, HE POINTED OUT, THESE INSTITUTIONS HAVE FINANCED CAPITAL INTENSIVE PROJECTS. HE QUESTIONED WHETHER ONE COULD HONESTLY SAY THAT SUCH PROJECTS DID NOT ASSIST THE POOR, IF ONLY INDIRECTLY. FINALLY, CAUAS REMARKED THAT IT WOULD BE VERY DIFFICULT FOR GOVERNMENTS TO COMPLY TO PRESSURES COMING FROM THE IFI'S. ON BALANCE HE FELT SUCH PRESSURE WAS NOT WISE.

3. ASSISTANT SECRETARY TODMAN SAID THAT HE WAS CONCERNED ABOUT THE EFFECT THE HARKIN AMENDMENT WOULD HAVE ON THE IFI'S. HOWEVER, HE NOTED THAT THE SENATE HAD NOT YET CONSIDERED THIS LEGISLATION. AND AFTER SENATE ACTION, IT MIGHT HAVE TO GO TO CONFERENCE. THERE WAS NO WAY OF TELLING WHAT THE FINAL OUTCOME WOULD BE. HE SAID THAT WE ARE WELL AWARE OF THE CHILEANS' CONCERNS WHICH ARE SHARED BY OTHERS. WE WILL BE TALKING TO MEMBERS OF BOTH THE HOUSE AND THE SENATE. HOPEFULLY, WHEN CONGRESS REALIZES THAT THIS ADMINISTRATION IS SERIOUS ABOUT HUMAN RIGHTS, IT WILL BE LESS INCLINED TO PASS LEGISLATION THAT COMPLICATES RATHER THAN ASSISTS THE ACHIEVEMENTS OF THE AIMS WE ALL WISH TO PURSUE.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 081291

4. CAUAS THEN SUGGESTED THAT THE U.S. SHOULD KEEP IN MIND TWO OTHER CONSIDERATIONS. FIRST, THIS "INTERFERENCE" (THE HARKIN AMENDMENT) COULD DESTROY THE IFI'S BECAUSE IT GOES AGAINST THEIR FOUNDING PHILOSOPHY. SECOND, THE MAJOR CONTRIBUTORS TO THE IFI'S SHOULD LOOK TO THEIR OWN ECONOMIC HEALTH. THE BETTER PART OF THESE LOANS COME BACK TO THEM IN THE FORM OF EXPORT ORDERS.

5. ASSISTANT SECRETARY TODMAN SAID THAT THE TRADITIONAL U. S. POSITION HAD BEEN THAT INTERNATIONAL INSTITUTIONS SHOULD STICK TO THE MATTER AT HAND. THERE ARE MANY IN THIS ADMINISTRATION, IN HIS OPINION, WHO STILL FEEL THAT WAY. BUT PROMOTION OF HUMAN RIGHTS IS A MATTER OF SERIOUS CONCERN. FURTHERMORE, CONGRESS IS AN INDEPENDENT BRANCH THAT CAN ACT AS IT SEES FIT. WE SHALL CONSULT WITH CONGRESS TO TRY TO AVOID UNNECESSARY RESTRICTIONS.

6. CAUAS SAID THAT HE WAS RESPONSIBLE FOR PROMPTING THE

GOC INVITATION FOR D/HA HUMANITARIAN AFFAIRS COORDINATOR
PAT DERIAN TO VISIT SANTIAGO. THAT INVITATION IS STILL

OPEN. CAUAS HOPES THAT WE CAN SOON START FRANK AND
OPEN DISCUSSIONS OF OUR PROBLEMS. ASSISTANT SECRETARY
TODMAN PROMISED TO CONVEY HIS INVITATION TO MS. DERIAN
AND EXPRESSED THE BELIEF THAT WITH GOOD WILL WE CAN
SUCCEED. THE PROBLEM WAS HOW TO GET THROUGH A DIFFICULT
PERIOD OF HISTORY WITHOUT DAMAGING ONE'S FUNDAMENTAL
PRINCIPLES. THE U.S. WANTS DIALOGUE WITH CHILE TO THIS
END. THE U.S. WILL UPHOLD ITS PRINCIPLES BUT DOES NOT
INTEND TO TRY TO IMPOSE ITS VIEWS. HOPEFULLY, AS WE
"DO LESS SHOUTING" WE CAN HAVE A USEFUL DIALOGUE FOR
THE ACHIEVEMENT OF COMMON PURPOSES.
VANCE

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 12-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE081291
Document Source: CORE
Document Unique ID: 00
Drafter: RSDRISCOLL:MG
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770125-1036
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770465/aaaacepj.tel
Line Count: 130
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 0b3cbda6-c288-dd11-92da-001cc4696bcc
Office: ORIGIN ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2831148
Secure: OPEN
Status: NATIVE
Subject: AMBASSADOR CAUAS CALLS ON ASSISTANT SECRETARY TODMAN
TAGS: SHUM, PDIP, CI, (TODMAN, TERENCE A), (CAUAS)
To: SANTIAGO
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/0b3cbda6-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009